

PACIFIC CURRENT GROUP

ASX ANNOUNCEMENT

23 August 2024

FY24 Results Presentation & Acting CEO's Financial Year Overview

Pacific Current Group Limited (ASX:**PAC**)(**Pacific Current**) attaches the following documents relating to Pacific Current's FY24 financial results:

- FY24 Results Presentation; and
- Executive Director and Acting Chief Executive Officer's Financial Year Overview – FY24.

-ENDS-

Authorised for release by the Board of Pacific Current Group Limited.

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ABOUT PACIFIC CURRENT GROUP

Pacific Current Group Limited is a multi-boutique asset management firm dedicated to providing exceptional value to shareholders, investors, and partners. We apply our strategic resources, including capital and operational expertise, to help our partners excel. As of 23 August 2024, Pacific Current Group has investments in 11 boutique firms globally.



PACIFIC CURRENT GROUP

FULL YEAR FY24

RESULTS PRESENTATION

Presenters

Michael Clarke

Acting CEO and Executive Director

Ashley Killick

CFO

23 August 2024



Disclaimer

The information in this presentation is general information about Pacific Current Group ('Pacific Current' or 'PAC') and is current only at the date of this presentation. In particular, this presentation

- § is not an offer or recommendation to purchase or subscribe for securities in Pacific Current, nor is it an invitation to any person to acquire securities in Pacific Current;
- § is not personal advice and does not take into account the potential and current individual investment objectives or the financial situation of investors; and
- § contains information in summary form and does not purport to be complete.

Note that the relationship between FUM and the economic benefits received by Pacific Current can vary dramatically based on each boutique's fee levels, PAC's ownership stakes, and the specific economic features of each relationship. Accordingly, management cautions against simple extrapolation based on FUM updates/trends.

Certain statements in this presentation may constitute 'forward-looking statements.' Forward-looking statements are neither promises nor guarantees and involve known and unknown risks, uncertainties and other factors which may cause actual results to vary materially from any projection, future results or performance expressed or implied by such forward-looking statements.

FY24 Overview

Pacific Current Group (PAC) is a global investor in investment management firms, with stakes in 11 investment firms across the US, Europe, Australia and Asia.

PAC's boutiques offer a diverse range of investment products across multiple asset classes, delivering **sustainable** and **growing** management fees and significant potential for performance fee income. This diversification reduces PAC's reliance on equity market returns to drive revenues and profits.

Operational Highlights

- § Capital flexibility significantly upgraded – completed asset sales (GQG, Proterra, Cordillera, Avante and Pennybacker) provide potential for capital return, dividend payment, debt paydown and future growth initiatives
- § Cost base reduction – outsourcing of investment management and organization restructure 'right sizes' operating cost base, leading to an expected reduction in ongoing operating expenses by more than 40%
- § Decision making enhancement - IMA implemented with GQG GP stakes team and formation of Investment Committee enhance investment decision making
- § Shareholder return improvement – share price appreciation of over 40% in FY24
- § Strong profitability uplift – Underlying NPAT growth of 24% achieved in FY24

Financial Highlights

- § Boutique contributions, ex MTM, increased 16%
- § Underlying EBITDA rose 18%, as a result of the solid revenue growth and modest expense increases
- § Underlying NPAT grew 24%
- § Net assets per share increased by 16% to A\$11.48 from A\$9.88
- § Dividend of A\$0.38 per share (unfranked)
- § PAC's estimated fair value NAV of A\$13.47 exceeds statutory NAV by A\$1.99 per share

Looking Ahead

- § Return capital – Plan in progress to complete a substantial off-market, equal access share buy-back
- § Enhance Capital flexibility – good start in FY25 following the announcement of transactions for Carlisle and Victory Park Capital with both expected to settle in the next 3-6 months
- § Deliver Growth initiatives - target opportunities among current boutique partners where the potential exists to accelerate growth and other new investment opportunities
- § Optimize organizational effectiveness – bed down significant changes to organization structure and decision-making processes implemented in FY24
- § Reduce debt – pay down outstanding debt

FY24 Underlying Results

Robust underlying NPAT growth of 24% with boutique contributions (ex MTM) up 16% YoY, while corporate overheads only increased 6%

	FY24 (A\$m)	FY23 (A\$m)	FY24 (US\$m)	FY23 (US\$m)	Comments
Boutique management fees	48.9	39.7	32.1	26.7	Growth driven by strong Pennybacker fundraising and Banner Oak fee crystallisation
Boutique performance fees	11.3	12.2	7.4	8.2	Led by Victory Park and Roc
Boutique unrealised MTM	(2.3)	(1.7)	(1.5)	(1.1)	Non-cash item, primarily related to VPC balance sheet items
Investment management fees	(0.3)	-	(0.2)	-	GQG IM fees starting 17 th May 2024
Boutique contributions	57.6	50.2	37.8	33.8	16% growth (13% USD) ex MTM
Corporate revenue	0.7	1.3	0.4	0.9	
Corporate overheads	(16.7)	(16.1)	(10.9)	(10.8)	Stable overheads in USD; FX impact to overheads translated into AUD
Corporate contribution	(16.0)	(14.8)	(10.5)	(9.9)	
Underlying EBITDA	41.6	35.4	27.3	23.9	18% growth in EBITDA (15% USD) YoY
Underlying NPAT	32.2	26.1	21.1	17.5	24% growth in NPAT (21% USD)

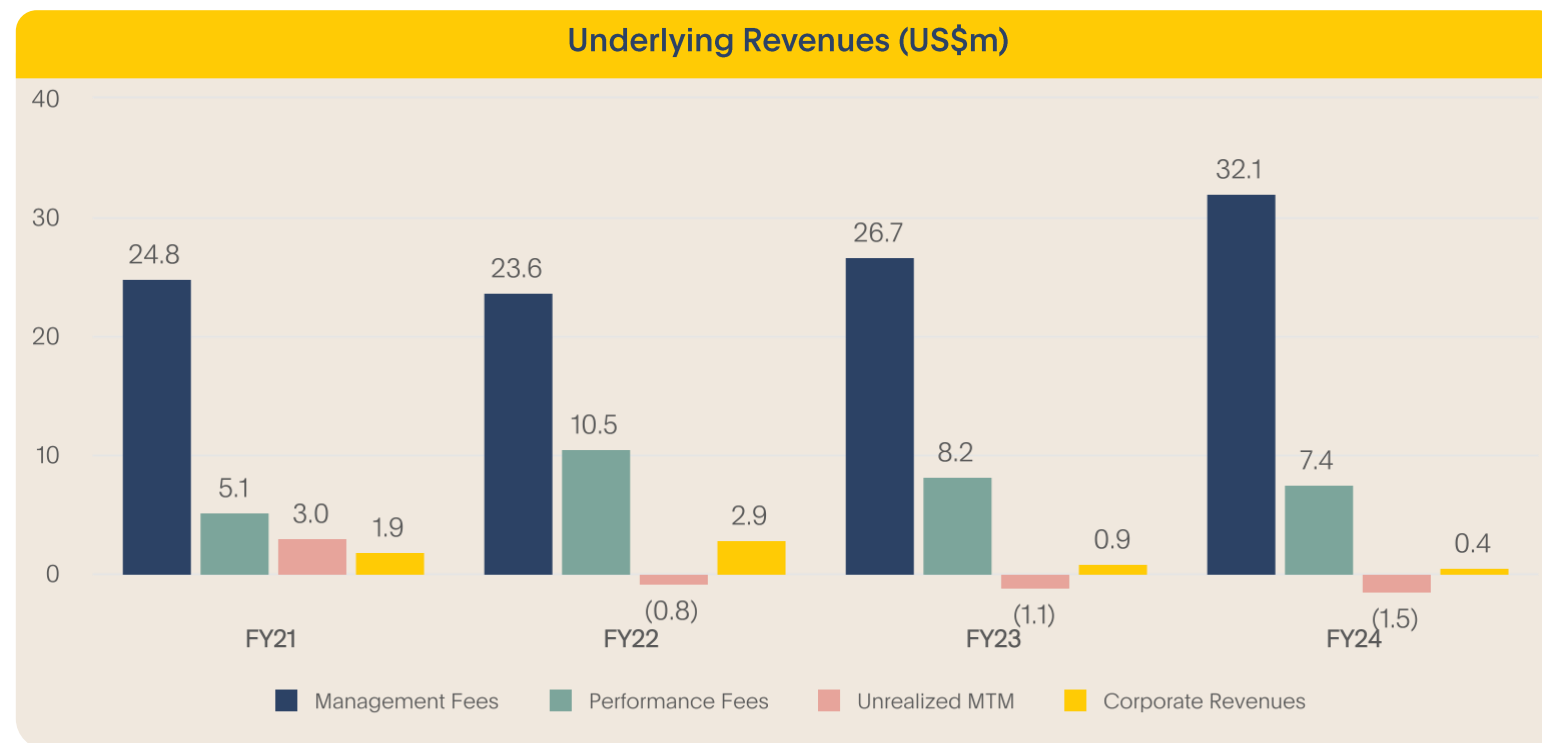
Underlying earnings per share	62.4 cents	50.8 cents	40.9 cents	34.2 cents	
Dividends per share	38 cents	38 cents	—	—	
Statutory Net Asset Value per share	\$11.48	\$9.88	\$7.65	\$6.58	Post tax value per share
Fair Value Net Asset Value per share*	\$13.47	\$11.92	\$8.98	\$7.94	

Note: Underlying results illustrated in table above are unaudited and non-IFRS financial measures used by PAC to manage its business.

*Refer to the Understanding Fair Value NAV slide in the Appendices

Revenue Composition

Management Fee revenues continued steady growth over the past three years



- § FY24 management fee revenues grew 23% (20% USD) due to strong fundraising for Pennybacker's flagship fund and its new infrastructure strategy
- § Contributions from management fee revenues were also aided by US\$2.7m, which was a one-time fee crystallisation at Banner Oak monetising future management fees on a subset of assets
- § Victory Park and Roc realised strong performance fees in FY24. In FY23 SCL and Victory Park were the largest contributors to performance fees

Notes: Some boutiques hold marketable securities on their balance sheets, which generate unrealised non-cash income (loss) items.

Alternate Balance Sheet

Reflects deconsolidation of operating subsidiaries (Aether and SCI) to present PAC on a “look through” basis. Strong growth in Net Assets of over 17%

A\$000s	30 Jun 24	30 Jun 23
Cash	317,727	16,095
Other Current Assets	42,781	20,219
Current Liabilities	(4,821)	(4,956)
Other Non-Current Assets	79,885	6,919
Deferred Tax Liability	(59,125)	(35,716)
Other Non-Current Liabilities	(63,373)	(51,106)
PAC’s Corporate Net Assets	313,074	(48,546)
Investment in Boutiques		
Subsidiaries	26,272	44,388
Associates & Joint Ventures	127,325	189,715
FVTPL	121,684	314,633
FVTOCI	10,704	9,331
Net Assets	599,059	509,522

Notable Items

- § PAC’s corporate net assets assumes that all current assets and liabilities have been realised at balance date, ignoring underlying cash that will be earned over the next 12 months as these current assets and liabilities are realized
- § Other non-current assets include A\$63.1m (US\$41.3m) held as a restricted deposit in relation to WHSP debt as a security interest
- § The decrease in subsidiaries is related to impairment of Aether
- § The decrease to FVTPL relates mostly to sale of GQG stock, Cordillera and Proterra
- § Increase in other non-current liabilities from additional draw on the debt facility

Notes: Presentation of Alternate Balance Sheet is an unaudited and a non-IFRS financial measure used by PAC to manage its business.

Prior year classification is changed to enhance comparability.



FAIR VALUE VS BOOK VALUE

PACIFIC CURRENT GROUP

NAV Breakdown

	FY23 Book Value (A\$m)*	FY24 Book Value (A\$m)*	Change	FY23 Fair Value (A\$m)	FY24 Fair Value (A\$m)	Change	Comments
Aether	44.9	27.5	(17.4)	44.9	30.3	(14.6)	Impairment recognised in FY24
Banner Oak	50.2	23.0	(27.2)	54.5	23.9	(30.6)	Impairment recognised in FY24
Carlisle	65.1	77.6	12.5	65.1	77.6	12.5	Sale announced post 30 June 24, once completed, expect fair value uplift
Cordillera	44.9	-	(44.9)	44.9	-	(44.9)	Sold during FY24
GQG	165.0	-	(165.0)	165.0	-	(165)	Sold during FY24
Pennybacker	31.0	44.1	13.1	75.9	44.1	(31.8)	Sold a partial stake during FY24
Proterra	40.0	-	(40.0)	40.0	-	(40.0)	Sold during FY24
Roc Group	10.0	11.1	1.1	25.6	34.3	8.7	
Victory Park	80.4	76.0	(4.4)	144.0	172.7	28.7	Sale of partial equity stake announced post 30 June 24, once completed, expect fair value uplift
Other boutiques	27.3	26.9	(0.4)	34.1	39.4	5.3	Others include, Astarte, CAMG, EAM, IFP, NLAA and SCI. CAMG and SCI have been wound up and written down to nil on PAC balance sheet as at 30 June 24
PAC's Corporate Net Assets	(48.5)	313.1	361.6	(78.3)	281.0	359.3	Increase due to sale of boutiques during the year
NAV Per Share	A\$9.88	A\$11.48	16%	A\$11.92	A\$13.47	13%	

§ IFRS requires PAC to use a variety of accounting treatments, resulting in some assets reported at fair value in PAC's statutory accounts, while others are initially reported at investment cost and can only be written down but not up

§ Accordingly, PAC's reported statutory NAV is significantly lower than its NAV using PAC's fair value estimates. As at 30 June 2024, PAC's fair value adjusted NAV of A\$13.47 per share exceeds its statutory NAV by A\$1.99 per share

§ PAC believes there may be further upside to its fair value estimates should portfolio companies engage in any corporate transactions

*Refer to the Understanding Fair Value NAV slide in the Appendices

**Includes boutiques that are already reported at fair value as FVTPL or FVTOCI. These boutiques were not included in similar numbers for 30 June 23 presentation

***Comparisons of fair value estimates over time can be significantly impacted by currency fluctuations.



FY24 KEY HIGHLIGHTS

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FY24

Acquisitions & Divestments

FY24 was a year of considerable change for PAC's Portfolio Composition which generated significant capital flexibility

In March 2024, PAC announced the sale of its 119,121,254 shares in GQG Partners, representing approximately 4% of GQG's market capitalisation at the time and nearly 20% of the float. The sale price of A\$2.16 per GQG share generated cash proceeds of A\$257.3m. GQG distributions and sale proceeds generated more than 99x PAC's initial investment

In March 2024, PAC also announced its strategic initiative to externalise investment management by appointing an affiliate of GQG Partners to provide investment advice. PAC also agreed to sell GQG three Boutiques (Avante, Cordillera, Proterra) for US\$71.25m

In May 2024, PAC announced a sale of 55% of its 16.5% equity stake in Pennybacker and all of its 2.5% carried interest entitlement for Pennybacker funds launched after PAC's initial investment for US\$35.2m (US\$4.8m at closing, followed by equal payments of roughly US\$15.2m on both the first and second anniversary of the transaction)

In July 2024, PAC announced a sale of 100% of its interest in Carlisle to Abacus Life (NASDAQ:ABL). PAC will receive 1.99m newly issued Abacus bonds with a coupon of 9.875% and an aggregate par value of US\$49.7m. In addition, PAC will receive 1.37m shares of Abacus common stock. As at the announcement date of July 18, the aggregate net proceeds to PAC were estimated to be US\$61.2m. The transaction is contingent on regulatory approval.

In August 2024, PAC announced a sale of 55% of its equity stake in VPC's management company and 22% of PAC's 24.9% future carried interest entitlements in VPC's funds yet to be launched. PAC will receive upfront consideration of US\$33.9m (before transaction costs). 75% in cash and 25% in Janus Henderson stock (NYSE:JHG). PAC could also receive up to an additional US\$28.7m earnout payment based on certain VPC gross revenue milestones measured in calendar years 2025 and 2026. Finally, the agreement also includes provisions for the potential sale of the remaining 45% of VPC's management company and an incremental portion of carried interest in the future. The transaction is subject to various approvals.

FY24 Leadership Update

FY24 saw the externalisation of investment management to GQG Partners, formation of an investment committee and changes at the Board level

In March 2024, PAC announced its strategic initiative to externalise investment management by appointing an affiliate of GQG Partners

The externalisation, together with a restructure of PAC's US back office operations has generated a net cost savings for PAC of approximately A\$6m compared to 1H24 on an annualised basis

Following completion of the transaction in May, several personnel joined GQG, including Paul Greenwood, who resigned as Managing Director, CEO & CIO

PAC's Board also changed in FY24. In addition to Paul Greenwood's departure, Peter Kennedy, Melda Donnelly and Jerry Chafkin retired from their Directorships

In February 2024, Michael Clarke was appointed as a Director, before being appointed as Executive Director and acting CEO in July. Michael has over 30 years' experience in asset management in both Australia and overseas. His most recent leadership role was CEO (acting) of Challenger Funds Management. Prior to that, he was Managing Director of Russell Investments' institutional business in ANZ

In July 2024, Joanne Dawson was appointed as Non-Executive Director. Joanne was formerly Chair of EL&C Baillieu Ltd and holds current directorships at Centuria Capital Group and PSC Insurance Group

FY24 Pro-forma Underlying P&L

This P&L aims to illustrate what FY24 performance would have looked like accounting for the full year loss of earnings from transactions completed in the financial year, Carlisle and VPC transactions announced after the financial year and the go-forward cost base adjusted for the full year benefit from externalisation of investment management to GQG Partners. It is important to stress that the P&L does not reflect guidance for FY25 and is intended to provide investors an illustration of how the business would have performed if all transactions had occurred at the start of the year.

	FY24 (A\$m) Underlying	FY24 (A\$m) Underlying Pro-Forma	Comments
Boutique management fees	48.9	19.2	Pro-forma excludes GQG, Avante, Cordillera, Proterra, Pennybacker (partially), Carlisle and Victory Park (partially)
Boutique performance fees	11.3	11.3	Pro-forma excludes Victory Park and Cordillera
Boutique unrealised MTM	(2.3)	(2.3)	
Investment management fees	(0.3)	(2.0)	GQG IM fees for the full year in pro-forma scenario
Boutique contributions	57.6	26.2	
Corporate revenue	0.7	0.7	
Corporate overheads	(16.7)	(8.8)	Expenses reduced by 47%, largely personnel related
Corporate contribution	(16.0)	(8.1)	
Underlying EBITDA	41.6	18.1	
Interest expense – debt	(6.5)	(6.5)	
Interest expense – leases	(0.2)	(0.2)	
Interest income	4.4	28.7	Assumed income earned on boutique sale proceeds, 5% cash rate
Depreciation	(0.7)	(0.7)	
Income tax expense	(6.1)	(9.0)	
Share of non-controlling interests	(0.3)	(0.3)	
Underlying NPAT	32.2	30.2	
Underlying earnings per share	62 cents	59 cents	

Note: Underlying results illustrated in table above are unaudited and non-IFRS financial measures used by PAC to manage its business.



OUTLOOK

PACIFIC CURRENT GROUP

Near-Term Focus

PAC will focus on completing transactions, executing the share buyback and supporting Boutiques

Return Capital

- § Plan in progress to complete a substantial off-market, equal access share buy-back

Enhance Capital Flexibility

- § Continue to pursue transactions that enhance value and provide capital for redeployment or return to shareholders. Good start in FY25 following the announcement of transactions for Carlisle (July) and Victory Park Capital (August), with both expected to settle in the next 3-6 months

Deliver Growth Initiatives

- § Target opportunities among current boutique partners where the potential exists to accelerate growth and new investment opportunities

Optimize Organizational Effectiveness

- § Bed down significant changes to organization structure and decision-making processes implemented in FY24

Reduce Debt

- § Pay down outstanding debt

Note: Outlook assumes flat equity markets and no change in currency. Growth expectations are based primarily but not exclusively on PAC or boutique knowledge of specific prospects that appear likely to allocate to boutiques through FY24. New allocations to boutiques cannot be known with certainty, nor can the timing of any allocations be precisely forecasted. Additionally, PAC revenues and earnings can be influenced by some marketable securities held on boutique balance sheets, which can impact results in ways that cannot be readily predicted.

How to think about the PAC portfolio

PAC's portfolio can be broken down into four distinct asset types, with varying growth and yield expectations

PAC Asset Breakdown

Cash (43% of Portfolio)

§ A\$318m of surplus cash, with A\$275m allocated for buyback

Financial Assets (34% of Portfolio)

§ Pennybacker/Carlisle receivables, Abacus bonds, Janus Henderson shares, VPC Earn-Out

§ To be crystallised to cash as and when possible

Management Fee related investments (10% of Portfolio)

§ Aether, Banner Oak, EAM, and IFP

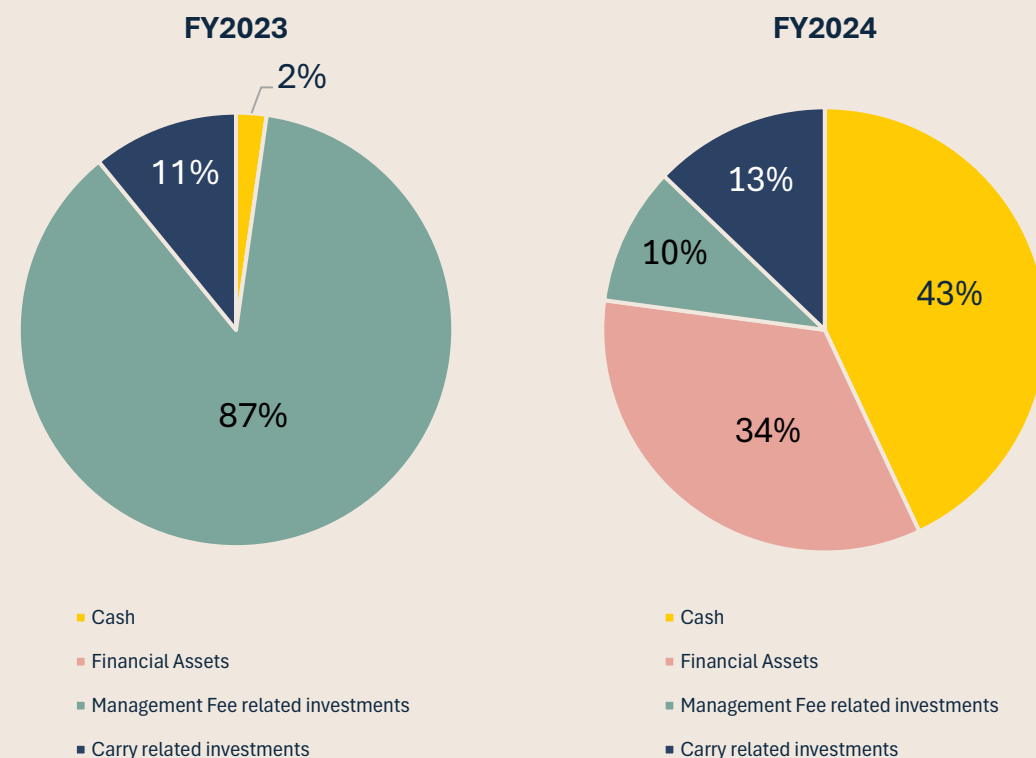
§ Residual stakes in Pennybacker and VPC management company

Carry related investments (13% of Portfolio)

§ VPC Holdco, Astarte and ROC to be primary contributors

§ May produce significant cashflow but timing will be lumpy in nature and interests less likely to be sold

Portfolio Fair Value by Asset Type



PAC Go-Forward Strategy

PAC will allocate capital to its most accretive uses, including re-investment and distribution to shareholders

Assets for Harvesting and Mature Boutiques

In addition to its large cash balance (A\$318m) and ongoing distributions from Boutiques, PAC has a number of assets that are in 'Harvest', these are financial assets or receivables that PAC is waiting to realise in cash. Some of these transactions are subject to various approvals and not yet finalised.

Pennybacker
Receivables

US\$30.4m

Abacus
Stock

US\$11.5m

Abacus
Bonds

US\$49.7m

Janus
Henderson
Shares

US\$7.6m

VPC
Earn-Outs*

US\$12.6m

PAC also has mature Boutiques that may experience liquidity events in the near-term. Consideration may be received in the form of more assets for 'Harvest' (i.e. financial assets and receivables) or cash, which can be immediately allocated

Capital Allocation

The sale of GQG shares, assets to GQG, Pennybacker, Carlisle and VPC leaves significant capital to be allocated.

PAC will allocate capital through:

Re-investment in
Growth Opportunities

Share Buybacks

Capital Returns

Dividends

Any growth opportunities will need to be accretive compared to buybacks or distributions to shareholders

* VPC Earn-outs are present value of estimated earn-out. This number could materially change higher or lower in future depending on revenue thresholds being achieved in year 2025 and 2026.

Growth Opportunities

PAC has significant capital to invest in accretive 'GP Stakes' opportunities as they present

Sources for Growth Capital

Existing Cash Reserves

- § As at 30 June 2024, PAC has A\$313m of surplus cash (net of debt) on its balance sheet which can be used for share buybacks, capital returns, dividends and growth investment

Assets in 'Harvest'

- § As at 30 June 2024, PAC has US\$111.8m of assets it considers to be in 'Harvest', these include proceeds from Pennybacker, Victory Park and Carlisle transactions

Boutique Realisations

- § PAC doesn't have visibility at this time but going forward there may be further liquidity events in the remaining boutiques

Cashflow from Boutiques

- § Boutiques remaining in the portfolio are expected to generate meaningful cashflow, some of which will be available for reinvestment

Re-investment in existing Boutiques

PAC may re-invest proceeds in existing Boutiques by providing:

- § Working capital to fund business growth
- § Balance sheet investment capital
- § Purchase of secondary sell-downs from boutique shareholders

Co-Investment in GP Stake Funds managed by GQG

- § PAC has the right, but not the obligation, to invest in any GQG sponsored investment vehicles focused on GP stakes

Investment in Listed GP Stake Managers

- § PAC has high-conviction on GP stake strategies globally
- § PAC may invest in listed GP stakes managers if valuations are compelling



APPENDICES

PACIFIC CURRENT GROUP

Statutory Profit or Loss

Results include the revenues and expenses of operating subsidiaries (Aether and SCI)

A\$000s	FY24	FY23
Revenue from operations	11,221	18,097
Distributions and dividend income	27,281	27,293
Other income	4,407	204
Changes in fair value	104,735	(14,681)
Gain on sale of investments	61,191	—
Total statutory income	208,835	30,913
Employment expenses	(20,136)	(15,832)
Impairment expenses	(42,243)	(14,022)
Administration and general expenses	(16,388)	(19,635)
Depreciation and amortisation expenses	(2,681)	(3,717)
Interest expenses	(6,691)	(3,314)
Total statutory expenses	(88,139)	(56,520)
Share of net profits of associates and joint venture	21,579	8,062
Profit/(Loss) before tax	142,275	(17,545)
Income tax (expense)/benefit	(31,922)	3,291
Profit/(Loss) after tax	110,353	(14,254)
Non-controlling interests	(271)	(1,537)
Profit/(Loss) after tax attributable to the PAC members	110,082	(15,791)

Notable Items

- § Reduced revenues from operations as lower performance fee from SCI crystallised in FY24. In addition, reduction in management fees YoY from Aether
- § Gain in fair value movement primarily from GQG share price increase prior to sale of shares in GQG
- § Impairment expenses related to Aether and Banner Oak
- § Higher interest expense as a result of debt outstanding for the full year period as opposed to approximately 8 months in the prior year. In addition higher amount outstanding during in FY24

Statutory to Underlying Reconciliation

Reported results impacted by extraordinary and non-cash items

A\$000s	FY24	FY23
Reported Net Profit/(Loss) Before Tax	142,275	(17,545)
Non-cash items		
Amortisation expenses	7,791	8,977
Fair value adjustment of financial assets	(112,378)	17,904
Fair value adjustment of financial liabilities	7,643	(3,223)
Impairment of investments and financial assets	42,243	14,022
Loss on leases	2,574	—
Share-based payment expenses	4,555	2,055
Other	—	130
Other normalising adjustments/items		
Deal, establishment and litigation costs	3,960	3,788
Gain on disposal of investments	(61,191)	—
Net foreign exchange (gain)/loss	(628)	657
Severance payments and other one-off employment expenses	1,763	-
Hareon liability settlement expense	-	4,927
Underlying NPBT	38,607	31,692
Income tax expense	(6,150)	(4,102)
Share of non-controlling interests	(271)	(1,537)
Underlying NPAT attributable to members of the parent	32,186	26,053

Notable Items

- § Impairments of investments and financial assets relates to the impairments of Aether and Banner Oak
- § Fair value adjustment of financial assets primarily relates to sale of GQG shares, Cordillera and Proterra.

Note: Underlying NPBT and NPAT are unaudited and non-IFRS financial measures used by PAC to manage its business.

Underlying Profit Drivers

Underlying NPBT and NPAT are unaudited and non-IFRS financial measures used by PAC to manage its business

	\$000s	FY24 (A\$)	FY23 (A\$)	FY24 (US\$)	FY23 (US\$)
	Boutique contributions	57,600	50,213	37,757	33,788
	Revenues	659	1,314	432	884
Expenses	Employment	8,481	8,485	5,559	5,710
	Marketing/commissions	883	602	579	405
	Travel/entertainment	482	651	316	438
	Advisory, tax and accounting	1,844	1,835	1,209	1,235
	Legal and consulting	767	966	503	650
	Insurance	669	733	439	493
	Other	3,547	2,809	2,325	1,891
	Total expenses	16,673	16,081	10,930	10,821
	Underlying EBITDA	41,585	35,446	27,259	23,851
	Net interest expense	(2,276)	(3,230)	(1,492)	(2,173)
	Depreciation and amortisation	(701)	(524)	(460)	(352)
	Underlying NPBT	38,607	31,692	25,307	21,326
	Underlying NPAT	32,186	26,053	21,098	17,532

Notable Items

- § Boutique contributions higher as a result of fee crystallisation at Banner Oak, robust fundraising at Pennybacker, contribution from Cordillera, as well as growth in other boutiques
- § Advisory, tax and accounting as well as legal and consulting decreases related to non-recurring consulting and compliance work completed in the prior year
- § Other expenses increased as a result of additional IT spend on software and systems

Notes: US\$ amounts are calculated using the average FX rates for the respective financial year (FY24: 1 A\$ = 0.6555 US\$, FY23: 1 A\$ = 0.6729 US\$)

The prior period comparatives are adjusted to ensure consistency.

Underlying Functional P&L Summary

A\$000s	FY24				FY23
	Investment	Sales	Group	Total	
Revenues					
Boutique contributions					
Management fees	48,938	—	—	48,938	39,661
Performance fees	11,327	—	—	11,327	12,211
Unrealised MTM	(2,339)	—	—	(2,339)	(1,659)
Investment management fees	(327)	—	—	(327)	-
Boutique contributions	57,600	—	—	57,600	50,213
Commissions and retainers	—	567	—	567	1,102
Other revenue	—	—	92	92	212
Underlying revenue	57,600	567	92	58,259	51,527
Expenses					
Employment	2,576	2,579	3,326	8,481	8,485
Marketing/commission	—	882	1	883	602
Legal and consulting	154	213	400	767	966
Advisory, tax and accounting	76	9	1,759	1,844	1,835
Other	554	649	3,495	4,698	4,193
Underlying expenses	3,360	4,332	8,981	16,673	16,081
Underlying EBITDA	54,240	(3,765)	(8,889)	41,585	35,446

Notable Items

- § Revenues and Expenses broken out by functional area to shed light on profitability of different business segments
- § Investment, Sales, and Group expenses reflect costs for those functional areas, including compensation expenses

Note: The prior period comparatives are adjusted to ensure consistency.

Statutory Balance Sheet

Reflects the consolidation of corporate admin and operating subsidiaries (Aether and SCI)

A\$000s	30 Jun 24	30 Jun 23
Cash	95,537	23,201
Short-term deposits	225,000	—
Other current assets	42,912	20,854
Non-current assets		
Investments in associates and joint ventures	127,325	189,715
Intangible assets	24,068	41,388
Other financial assets	150,180	324,893
Other assets	62,859	6,259
Total assets	727,881	606,310
Current liabilities	5,838	9,204
Non-current liabilities		
Deferred tax liability	59,126	35,716
Provisions	64	38
Lease liabilities	636	2,467
Financial liabilities	63,158	48,655
Total liabilities	128,822	96,080
Net assets	599,059	510,230
Non-controlling interests	-	708
Net assets attributable to PAC shareholders	599,059	509,522
Net assets per share (A\$)	11.48	9.88

Notable Items

- § Cash and interest-bearing short-term deposits increased due to sale of PAC's stake in boutiques during the year
- § Decrease in associates and joint ventures from partial sale of Pennybacker and reclassification of remaining stake in Pennybacker to financials assets
- § The reduction in financial assets is due to sale of GQG, Cordillera, and Proterra
- § Increase in other assets relates to restricted deposit in relation to WHSP debt as a security interest

Statutory Cash Flow

A\$000s	FY24	FY23
Operating cash flow		
Net receipts from customers/suppliers/financiers	(24,225)	(9,160)
Dividends received	52,645	46,014
Income tax paid	(7,806)	(15,032)
Investing cash flow		
Repayment of Hareon liability	—	(17,638)
Investment in short-term deposits	(225,000)	—
Net proceeds from disposal of associate/subsidiary	374,738	12,364
Increased new investments	(23,925)	(44,433)
Other	(62,348)	(5,408)
Financing cash flow		
Dividends paid to PAC shareholders	(19,598)	(16,580)
Proceeds from debt facility	16,781	44,583
Transaction costs from debt facility	(424)	(2,714)
Other	(7,214)	(3,190)
Net (decrease)/increase in cash	73,624	(11,194)

Notable Items

- § Lower net receipts from customers/suppliers/financiers driven by lower performance fees received from SCI in FY24, coupled with higher interest paid on the debt facility
- § Dividends received were higher as a result of enhanced collections from Pennybacker and Banner Oak as well as inclusion of receipts from Cordillera

Note: Presentation of statutory cash flow is a summarised version of the statement included in the statutory report.

Alternate Cash Flow

Reconciles the underlying NPBT to cash generated from operating activities

A\$000s	FY24	FY23
Underlying NPBT	38,607	31,692
Accounting earnings from boutiques	(54,803)	(41,308)
Dividends from boutiques	52,645	46,014
Net interest expense	(1,032)	344
Depreciation and amortisation	833	693
Changes in operating assets and liabilities	(2,290)	81
Other	1,336	1,389
Underlying pre-tax cash earnings	35,297	38,905
Legal, consulting, deal and break fee expenses	(3,960)	(3,788)
Net foreign exchange (gain)/loss	(1,153)	1,737
Redundancies	(1,763)	-
Pre-tax cash earnings	28,420	36,854
Income tax paid	(7,806)	(15,032)
Cash provided by operating activities	20,614	21,822
Underlying Pre-Tax Cash Conversion	91.4%	122.8%

Notable Items

- § Dividends reported in the P&L reflect income from the fair value boutiques (such as GQG, EAM, Carlisle, Cordillera and Proterra) while dividends from boutiques herein reflects those dividends and the dividends received from the associates
- § Cash receipts from boutiques reduced relative to accounting earnings mainly as a result of cash being received in July 2024 and will form part of PAC's FY25 results

Note: Presentation of Alternative Cash Flow is an unaudited and a non-IFRS financial measure used by PAC to manage its business.

PAC Boutique Investments



100%

Private equity, real assets
2008 investment
USA

Aether Investment Partners is an alternative investment manager sponsoring closed-end limited partnerships focused private investments in real assets

- § Primary sectors include natural resources and infrastructure
- § PAC owns a bottom-line profit share of Aether's business



39% / 44.5%

Private equity, real assets
2021 investment
UK

Astarte Capital Partners is an alternative investment manager focused on private markets real assets strategies

- § Astarte sponsors closed-end limited partnerships that provide seed and operating capital to private equity firms that offer real assets strategies. It typically partners with operating experts or emerging investment managers that utilise a value-add approach.
- § PAC owns a bottom-line profit share of Astarte's business

Note: PAC is entitled to 39% of Astarte's net income and 44.5% of value of business in the event of sale/liquidation



35%

Private real estate
2021 investment
USA

Banner Oak Capital Partners is an alternative investment manager focused on private real estate

- § Banner Oak's flagship investment strategy focuses on providing operating capital, credit enhancement solutions, and/or GP commit capital to real estate operators in exchange for shared economics in the business and exclusive access to deal flow.
- § PAC owns a bottom-line profit share of Banner Oak's business

Note: PAC has an initial distribution preference that will provide more than its 35% pro-rata share.



16% / 40%

Life settlements
2019 investment
Luxembourg

Carlisle Management Company ("Carlisle") is a Luxembourg-based firm focused on investments in life settlements, which is the sale of an existing life insurance policy for more than its cash surrender value but less than its net death benefit

- § Carlisle generates revenues that are uncorrelated with capital markets, providing enhanced resilience to PAC's revenue stream
- § PAC owns a top-line revenue share in Carlisle's business

Note: In July 2024, PAC announced sale of its stake in Carlisle. It is subject to regulatory approval.

PAC Boutique Investments



Pref. Equity / 18.8%

Global, international, & EM small cap equity
2014 investment
USA

EAM Global Investors ("EAM Global") manages emerging markets small cap, international small cap and international micro-cap public equity strategies

- § Distinctive, momentum-oriented approach effective in less efficient equity markets
- § PAC owns a top-line revenue share in EAM Global's business

INDEPENDENT [FINANCIAL] PARTNERS

24.9%

Hybrid RIA platform
2019 investment
USA

Independent Financials Partners ("IFP") is a hybrid Registered Investment Advisor (RIA) platform that secures and manages middle office servicing relationships with RIAs

- § IFP utilises a proprietary platform to use multiple back-office providers, including custodial services, to enhance the economics to its advisors
- § PAC owns a bottom-line profit share of IFP's business



Variable

Private equity, renewable energy
2008 investment
India

Nereus Holdings ("Nereus") was originally formed as a renewable energy asset manager in India

- § Nereus joined with PAC and Hareon to form Nereus Capital Investments ("NCI"), in order to develop two solar plants in India
- § PAC owns a bottom-line profit share of Nereus' business
- § PAC owns a right to share in a future sale of NCI assets



Pref. Equity / 23%

Placement agent
2014 investment
UK

Northern Lights Alternative Advisors ("NLAA") is a London-based placement agent focused on private equity and hedge funds

- § The firm is one of London's premier equity placement agents focused on unique investment strategies
- § PAC owns a top-line revenue share in NLAA's business

Note: In a sale/liquidation PAC is entitled to 100% of the first US\$8.0m and 44.9% of all subsequent proceeds

Note: PAC owns 50% of Nereus Holdings and 74.2% in NCI, which entitle PAC to share in sale proceeds above certain thresholds

Note: PAC is entitled to a revenue share with NLAA and 23% of proceeds in the event of a sale/liquidation

PAC Boutique Investments



7.5%

Private real estate
2019 investment
USA

Pennybacker Capital Management (“Pennybacker”) is a middle-market real estate private equity and private credit manager focusing on value-add real estate private equity

- § More recently, Pennybacker launched Income & Growth and Credit strategies, which are a “core plus” private equity real estate strategy that is less operationally intensive than the flagship strategy
- § PAC owns a bottom-line profit share of Pennybacker’s business



29.7%

Private equity, Asia-Pacific
2014 investment
Australia

Roc Partners is a specialised investment firm offering both pooled and customised Asia Pacific private equity solutions

- § PAC owns a bottom-line profit share of Roc’s business



24.9%

Private credit
2018 investment
USA

Victory Park Capital Advisors (“VPC”) is a Chicago-based firm primarily focused on private debt strategies—direct lending to financial service companies

- § VPC seeks to invest in multiple subsectors such as subprime and near-prime unsecured consumer lending, merchant cash advance, legal settlement finance, etc.
- § PAC owns a bottom-line profit share of VPC’s business

Note: PAC is entitled to 7.5% of Pennybacker’s net income.

Note: In August 2024, PAC announced agreement to sell of 55% of its stake in Victory Park and 22% of future carried interest entitlements in VPC’s funds yet to be launched. This transaction is subject to various approvals.

Key Definitions

Revenue Share

Boutique investments where PAC is entitled to a percentage of boutique's top-line revenues (largely made up of management fees and performance fees). This equity structure removes fluctuations related to the boutique's cost base over time. For these boutiques, in the instance where there is a liquidity event, PAC is entitled to a certain percentage of proceeds from such events

Tier-1 Boutiques

Asset managers that PAC expects to produce at least an average of A\$4m of annual earnings for PAC over the next three years. Although there is no guarantee any Tier-1 boutique will meet this threshold, this categorisation is intended to provide insight into which boutiques are expected to be the most economically impactful to Pacific Current Group

Closed-end funds

Funds under management where the investor has committed capital for a fixed period. The fixed period is notable as the manager collects management fees throughout the duration of the fixed period

Management Fees

PAC's allocable share of boutique profits (excluding performance fee revenue and after deducting operating expenses of the boutique) or revenues (where PAC has revenue share arrangement)

Profit Share

Boutique investments where PAC is entitled to percentage of boutique's bottom-line profit. Note: for the underlying earnings presentation, PAC reclassifies all subsidiary accounting into boutique Profit Share

Local currency

Functional currency of the boutique

Open-end funds

Funds under management that are not committed for an agreed period. These funds can be redeemed by an investor on relatively short notice, which subsequently impacts the management fees paid to the portfolio manager

Net Asset Value (NAV)

Pacific Current Group's total equity (attributable to owners of the company and excluding non controlling interests) calculated as total assets less total liabilities

Underlying Results/Earnings

Unaudited and non-IFRS financial measures used by PAC management to reflect the recurring elements of PAC's business

Boutique Contributions

PAC's economic entitlement from portfolio company/boutique investments including Management Fees and performance fees

Tier-2 Boutiques

Boutiques that PAC expects will contribute less than A\$4m of annual earnings for PAC

Management Fee Profitability

Management Fees (see above) less PAC's underlying operating expenses (excluding commission expenses)

A\$ & US\$

A\$ refers to Australian Dollar (reporting currency of PAC), US\$ refers to United States Dollar

Understanding Fair Value NAV

The statutory consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair value at the end of each reporting period.

As such, the Group's investments in operating subsidiaries (such as Aether and SCI) and Associates and Joint ventures (such as Roc and Banner Oak) at their historical cost while investments in boutiques, such as Carlisle are carried at their fair value.

Fair value is the price that would be expected to be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In determining this estimate, assets whose shares trade in active markets, can be based on unadjusted quoted prices. In other cases, the Group needs to use valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For the investments that are carried at historical cost, the Group is required by the accounting standards to determine whether it is necessary to recognise any impairment loss with respect to these investments. This assessment compares the investment's recoverable amount (i.e. the higher of its "value in use" or its "fair value less costs to sell") with its carrying amount. If its recoverable amount is less than its carrying value, an impairment loss is recognised. Should the investment's recoverable amount be greater than its carrying value then the value of the investment is not increased.

The Group undertakes this impairment assessment at the end of each reporting period, using valuation techniques like those utilised in determining the value of investments carried at fair value. As such, at the end of each reporting period, the Group has an assessment of the book value and the fair value of each of its investments.

These estimates of fair value have been developed for the purposes of complying with the appropriate accounting standards and as such may not be the precise value at which the investment may or will be sold.

The valuation techniques used in determining these fair values are based on forecast information that has been prepared using a set of assumptions about future events and management actions that are not certain to occur. Furthermore, other events and management actions which have not been forecast to occur may nevertheless occur. If events do not occur as assumed, the actual results achieved may vary significantly from the forecast outcome, significantly impacting the resulting value.

In addition, given the nature of these investments it may be difficult to deal with a specific investment in a specific market at a specific time. Alternatively, the most appropriate acquirer of an investment, may be a special purchaser that can enjoy benefits of owning that asset that are not available to other potential owners.

As such the Group does not warrant or guarantee that these fair values are the amounts that any specific investment would be realised at.



Tips for Analysing PAC

Revenue recognition

- § Private equity, private infrastructure, and private real estate managers normally charge fees on committed capital. Thus, new FUM becomes revenue immediately after the legal commitment is received, even though it may take several years to invest the committed capital
- § Private credit strategies generally generate management fees on the capital that is invested (i.e. not on committed capital). It will typically take 2 to 3 years for the fund to be fully invested and earn the full fee on the total committed capital

Placement fees

- § Private capital managers typically pay commissions to placement agents (firms that raise capital for investment managers) that represent the annual management fee multiplied by the committed capital (i.e. \$100m committed capital *1.5% management fee = \$1.5m commission). This commission is generally paid in equal installments over 2 to 3 years
- § Long only / Traditional investment managers generally pay commissions that are a declining percentage of annual revenues (for example, 20% of year 1 revenue, 10% of year 2 revenue, and 5% for year 3) get paid commissions over several years. These commissions are not recognised at the time of commitment but rather after they are paid

Executive Director and Acting Chief Executive Officer's Financial Year Overview – FY24

In our letter to Pacific Current Group (PAC) shareholders last year we noted that PAC was committed to taking actions that would result in greater recognition of the value of PAC's portfolio. We are gratified by the progress we have made on this front in FY24, as well as the underlying financial results.

Financial Results

PAC saw solid growth in revenues and underlying profits in FY24. This occurred despite the loss of earnings from selling all or part of PAC's investments in GQG Partners, Pennybacker Capital Management, Proterra Investment Partners, Cordillera and Avante Capital.

Statutory results were heavily skewed by the gains from the sale of PAC's stake in GQG. Underlying results were strong, with underlying EBITDA growing 18% and underlying NPAT growing 24%. Dividends of \$0.38/share were declared. With no remaining franking credits, all dividends were unfranked.

Business Overview

FY24 was a transformational year for Pacific Current Group. After multiple parties sought to purchase PAC, a viable transaction ultimately emerged that PAC believed would be both feasible and beneficial to shareholders. The intent of this strategy was to unlock value by reducing corporate expenses, while retaining access to key investment capabilities. It involved simultaneously selling three of PAC's assets to GQG, while externalizing the investment management of PAC's portfolio by appointing an affiliate of GQG to provide investment management services to PAC.

The transaction results in a significantly lower cost structure for PAC while ensuring continuity of portfolio management of PAC's portfolio. The agreement will last a minimum of two years but can be extended at PAC's discretion.

Portfolio Update

To say it was an eventful year for the PAC portfolio is an understatement. There was considerable activity in the portfolio, most of which involved selling assets, though one new investment was made. Highlights of FY24 included the following:

- In September of 2023 PAC purchased a 24.9% stake in private credit manager, Avante Capital, for US\$28m.

- In March of 2024, PAC sold its entire stake in GQG. This sale was the culmination of a highly successful investment, and yielded PAC proceeds of A\$257.3m. Combined with the distributions received throughout the investment, PAC made more than 99X its initial investment.
- In May of 2024, PAC announced the partial sale of its investment in Pennybacker Capital. The proceeds, which will be paid out over two years, are roughly 1.75X PAC's initial investment, yet PAC retains 45% of its original stake in Pennybacker.
- In May of 2024, PAC announced the sale of three assets, Proterra, Avante, and Cordillera to GQG for US\$71.25m plus the assumption of certain deferred payments and earnout obligations.
- In early July 2024, PAC agreed to sell its entire stake in Carlisle Management Company to Abacus Life. The transaction, which is contingent upon regulatory approval, will result in PAC holding a combination of stock and bonds in Abacus worth roughly 50% more than PAC's pre-transaction estimate of Carlisle's fair value. Owning bonds in Abacus will actually result in increased contributions to PAC versus owning only Carlisle equity.
- In early August 2024, PAC announced the sale of 55% of its stake in Victory Park Capital to Janus Henderson Group. The initial proceeds will provide PAC with US\$33.9m. This amount will be supplemented by an earnout that could provide PAC with an additional US\$28.7m (pre-equity plan dilution). PAC will also retain most of its entitlements to future performance fees. This transaction is expected to close later in 2024 after certain approvals have been received.

With so many recent asset sales it may appear there has been a strategic decision to sell assets; however, this is not the case. All of these sales have been driven by outside buyers expressing interest in PAC assets. Fortunately, the prices received for these investments have been quite attractive, with all of the transactions occurring at valuations at or above PAC's estimate of fair value.

Looking Ahead

PAC's financial results will be notably different in FY25. This stems from the fact that many assets have been sold and some of the dispositions are in progress, and the timing of when these transactions are completed remains uncertain. Additionally, some of the proceeds PAC will be receiving will produce earnings for PAC so long as the assets continue to be held. Lastly, PAC's cost structure will be notably lower going forward due to the GQG transaction and future cost reduction initiatives. Helping shareholders understand how these different considerations impact financial results will be an important initiative in FY25.

As a result of selling so many significant assets, PAC is flush with cash. In April it announced its intention to return capital to shareholders via an off-market stock buy-back, currently estimated

to be of up to \$300m. The buy-back will be subject to PAC obtaining applicable Australian Tax Office rulings.

PAC management expects to carry over the strong momentum built in FY24 into FY25. The focus will be to:

- Return capital – Progress and execute the plan to complete a substantial off-market, equal access share buy-back, either late in calendar 2024 or early the following year;
- Enhance Capital flexibility – Continue to take advantage of asset disposals on attractive terms to enhance capital flexibility. FY25 is off to a good start following the announcement of transactions for Carlisle and Victory Park Capital with both expected to settle in the next 3-6 months;
- Deliver Growth initiatives – Look for both opportunities to increase investment in current boutique partners where the potential exists to accelerate growth and other new growth investments;
- Optimize organizational effectiveness – Continue to bed down significant changes to the organization structure and decision-making processes implemented in FY24. These changes potentially impact all aspects of PAC's operations; and
- Reduce debt – continue to pursue negotiations to pay down outstanding debt.

We would like to thank our employees and the PAC board, both past and present, for their work to enhance shareholder value. Though great progress was made in FY24, there is still much to do, and we remain relentlessly focused on achieving the best possible outcome for our shareholders in FY25 and beyond.



Michael Clarke
Executive Director & Acting Chief Executive Officer